

**Enhanced Services Structural Separation
Appendix III
Construction/Lease Cost Estimates**

The following is a brief description of each table:

Table 2.1 - Building Construction & Finishing

Contains cost estimates for the base building and primary support systems.

Table 2.2 - Building Automation and Physical Security

Contains cost estimates for automation and security systems within the new facility.

Table 2.3 - Facilities Lease (1st Year)

Contains cost estimates for facility lease, add-ins, and brokerage fees.

Table 2.1 - Building Construction and Finishing

Product	Cost	Cost per Square Foot	Comments
Site Development	\$1,692,306.00	\$2.84	See Notes 5 & 20
Excavation			
Water Taps			
Sanitary Connections			
	\$1,692,306.00	\$2.84	
Office Building Core and Shell			
Sitework	\$361,945.00	\$0.61	
Concrete	\$3,692,674.00	\$6.19	
Metals	\$5,754,280.00	\$9.65	
Carpentry	\$182,493.00	\$0.31	
Thermal/Moisture Protection	\$898,126.00	\$1.51	
Doors & Windows	\$1,446,932.00	\$2.43	
Finishes	\$1,317,436.00	\$2.21	
Specialties	\$213,185.00	\$0.36	
Furnishings	\$1,024.00		
Conveying Systems	\$840,000.00	\$1.41	
Mechanical	\$7,544,935.00	\$12.65	
Electrical	\$2,189,155.00	\$3.67	
	\$24,442,185.00	\$41.00	
Tenant Finish (Floors 1-10)			
Carpentry	\$908,350.00	\$1.52	
Thermal/Moisture Protection	\$73,650.00	\$0.12	
Doors & Windows	\$1,104,750.00	\$1.85	
Finishes	\$3,682,500.00	\$6.17	
Specialties	\$98,200.00	\$0.16	
Furnishings	\$122,750.00	\$0.21	
Mechanical	\$1,031,100.00	\$1.73	
Electrical	\$613,750.00	\$1.03	
	\$7,635,050.00	\$12.79	
Tenant Finish (Data Center)			
Carpentry	\$110,250.00	\$0.18	
Thermal/Moisture Protection	\$7,350.00	\$0.01	
Doors & Windows	\$95,550.00	\$0.16	
Finishes	\$318,500.00	\$0.53	
Leibert Chillers	\$100,000.00		
Specialties	\$588,000.00	\$0.99	
Equipment	\$112,700.00	\$0.19	
Mechanical	\$1,960,000.00	\$3.29	
Electrical	\$2,450,000.00	\$4.11	
	\$5,742,350.00	\$9.46	
Page Total	\$39,511,891.00	\$66.09	

Table 2.1 - Building Construction and Finishing (continued)

Product	Cost	Cost per Square Foot	Comments
Property Purchase	\$3,201,660.00		See Note 22
Audio/Visual Conference Equipment	\$111,246.00		See Notes 5 & 20
Data Graphics Projector	N/A		
Rear Screen Enclosure	N/A		
Multi-Standard Video Decoder	N/A		
Power Supply	N/A		
RGBS Loop Through Module	N/A		
W3 Breakout harness	N/A		
Signal Switcher	N/A		
Communications Cable	N/A		
RGBSync Input Modules	N/A		
Composite Video SVHS Input Modules	N/A		
Universal Computer Interface	N/A		
Mac Breakout Cable	N/A		
VGA Breakout Cable	N/A		
RGBS Cable	N/A		
Music System	N/A		
Miscellaneous Installation Materials	N/A		
	\$111,246.00		
General Conditions	\$1,773,535.00	\$2.97	See Notes 5 & 20
Building Permit & Plan Check Fees	\$222,629.00	\$0.37	See Notes 5 & 20
Performance & Payment Bond	\$199,739.00	\$0.33	See Notes 5 & 20
Contingency @ 5.00%	\$1,970,595.00	\$3.30	See Notes 5 & 20
	\$4,166,498.00	\$6.97	
Fee @ 3.00%	\$1,307,352.00	\$2.19	See Notes 5 & 20
Moving Costs	\$1,000,000.00		See Notes 19 & 21
Furniture including Conference Rooms	\$20,000,000.00		See Notes 19 & 21
Page Total	\$29,786,756.00	\$9.16	
Constuction Total	\$69,298,647.00	\$75.25	

Table 2.2 - Building Automation and Physical Security

Product	Cost	Comments
Building Automation - Data Center		See Notes 5 & 20
Material/Devices	\$13,125.00	
Labor	\$7,575.00	
Subcontracting	\$22,200.00	
Freight, Warranty, Miscellaneous	\$1,050.00	
Use Taxes	\$788.00	
	\$44,738.00	
Building Automation - Tenant Space		See Notes 5 & 20
Material/Devices	\$21,875.00	
Labor	\$12,625.00	
Subcontracting	\$37,000.00	
Freight, Warranty, Miscellaneous	\$1,750.00	
Use Taxes	\$1,313.00	
	\$74,563.00	
Access Control	\$182,038.00	See Notes 5 & 20
Multiuser Software	N/A	
Input Card Readers	N/A	
Proximity Reader Interfaces	N/A	
Proximity Readers	N/A	
Power Supplies	N/A	
Door Strikes	N/A	
Infra-red Motion Detectors	N/A	
	\$182,038.00	
Page Total	\$301,339.00	

Table 2.3 - Facilities Lease

Product	Cost	Comments
Building Space Design	\$675,000.00	See Notes 19 & 21
Facilities Lease	\$13,500,000.00	See Notes 19 & 21
Brokerage Commission (3%)	\$405,000.00	See Notes 19 & 21
Build-out	\$2,025,000.00	See Notes 19 & 21
Moving Costs	\$1,000,000.00	See Notes 19 & 21
Furniture including Conference Rooms	\$20,000,000.00	See Notes 19 & 21
	\$37,605,000.00	
Audio/Visual Conference Equipment	\$111,246.00	See Notes 5 & 20
Data Graphics Projector	N/A	
Rear Screen Enclosure	N/A	
Multi-Standard Video Decoder	N/A	
Power Supply	N/A	
RGBS Loop Through Module	N/A	
W3 Breakout harness	N/A	
Signal Switcher	N/A	
Communications Cable	N/A	
RGBSync Input Modules	N/A	
Composite Video SVHS Input Modules	N/A	
Universal Computer Interface	N/A	
Mac Breakout Cable	N/A	
VGA Breakout Cable	N/A	
RGBS Cable	N/A	
Music System	N/A	
Miscellaneous Installation Materials	N/A	
	\$111,246.00	

Page Total

\$37,716,246.00

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- Note 1** Distribution of Macintosh and DOS based desktops is based upon industry studies indicating Macintosh platforms comprise 10% - 15% of the market.
- Note 2** Based on the Gartner Group/New Science Briefing on Office Automation Systems presented in Denver, Colorado on March 14, 1994:
- "Today and for the foreseeable future, BI (Business Intelligence) vendors will favor Windows Desktop ..."*
- Note 3** Groupware standard used by:
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Note 4** Hardware standard used by:
~~U S WEST Management Information Services~~
181 Inverness Drive West
Englewood, Colorado 80112
- Note 5** Sole Source Quote
- Note 6** Recommended configuration provided by Subject Matter Experts:
- T. David Rutherford
Advanced Member of Technical Staff (LAN Engineer)
External End User Support
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Edward W. Brandorff
Member of Technical Staff (LAN Engineer)
External End User Support
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Note 7** Recommended configuration provided by Subject Matter Expert:
- Michael Lamoreau
Advanced Member of Technical Staff (Network Engineer)
Connectivity Engineering
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112

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- Note 8** Recommended configuration provided by Subject Matter Expert:
Edward W. Brandorff
Member of Technical Staff (LAN Engineer)
External End User Support
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Note 9** Estimates provided by Subject Matter Expert:
Paul V. Mino
Senior Project Manager
External End User Support
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Note 10** Estimates provided by Subject Matter Expert:
Robert L. Dahlen
Senior Project Manager
Connectivity Engineering
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Note 11** 1% of installed base.
- Note 12** Cost includes unpacking, initial setup, hardware burn-in, loading/configuring software, installing at final location, and establishing connectivity.

Approximately 2 hours per desktop @ \$50.00 per hour.
Approximately 30 hours per server @ \$70.00 per hour.
- Note 13** Cost includes unpacking, initial setup, hardware burn-in, loading/configuring software, installing at final location, and establishing connectivity

Approximately 16 hours per device @ \$70.00 per hour.
- Note 14** Estimates provided by Subject Matter Expert:
Ron M. Trasky
Project Manager
Customer Services
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112

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- Note 15** Estimates provided by Subject Matter Expert:
 Kathleen E. Soucek
 Senior Project Manager
 Customer Services
 U S WEST Management Information Services
 181 Inverness Drive West
 Englewood, Colorado 80112
- Note 16** Estimates provided by Subject Matter Expert:
 Robert O. Moore
 Senior Member of Technical Staff
 Advanced Business Products Development
 U S WEST Management Information Services
 181 Inverness Drive West
 Englewood, Colorado 80112
- Note 17** Estimates provided by Subject Matter Expert:
 Randy L. Floyd
 Senior Project Manager
 HR and Payroll Systems
 U S WEST Management Information Services
 181 Inverness Drive West
 Englewood, Colorado 80112
- Note 18** Estimates provided by Subject Matter Expert:
 Michael Kinder
 Advanced Member of Technical Staff
 Advanced Business Products Development
 U S WEST Management Information Services
 181 Inverness Drive West
 Englewood, Colorado 80112

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- Note 19** Estimates provided by Subject Matter Expert:
Dennis Fitzpatrick
Area Manager
Real Estate Planning
U S WEST Business Resources, Inc.
188 Inverness Drive West
Englewood, Colorado 80112

Gail M. Hesselbrock
Manager
Real Estate Planning
U S WEST Business Resource, Inc.
2800 Wayzata Blvd.
Minneapolis, Minnesota 55405
- Note 20** Estimates provided by Subject Matter Expert:
Craig Carter
Manager
Enterprise Support
U S WEST Management Information Services
181 Inverness Drive West
Englewood, Colorado 80112
- Note 21** Costs are calculated as follows:
- Moving costs are estimated at \$400 per person.
 - Interior space design is estimated at \$1.25 per square foot.
 - Furniture costs are estimated at \$8,000 per person.
 - Build out costs are estimated at \$15 per square foot. Without having a particular site in mind, it is impossible to determine an exact cost. We have used 25% of the total square footage for planning purposes.
- Note 22** Cost is predicated on commercially zoned property at \$3.50 per square foot, 43,560 square feet per acre. Construction estimates are based on 21 acres for site development.
- Note 23** We estimate three (3) fully equipped Audio/Visual conference rooms to service the entire staff.

ATTACHMENT 5

ONA Compliance at U S WEST

Section 1 - Introduction

U S WEST devotes considerable time and effort to ONA compliance. These compliance activities are centered around the ONA rules and guidelines outlined by the Commission. This document discusses several areas critical to ONA compliance within U S WEST Communications, including organizations involved with ONA compliance, operational aspects of how U S WEST Communications conducts ONA compliance, participation with the enhanced service provider industry to identify and provide services to meet their needs and examples of tools and documents used in day-to-day compliance activities.

U S WEST Communications believes the following information demonstrates that this extensive effort and scrupulous adherence to the Commission's nonstructural safeguards are effective tools for protecting the public interest and protecting competing providers from discrimination.

Section 2 - Organization/Structure

A separate, dedicated team, the ONA Compliance Team, has been in place since 1988 to serve as the company resource to manage and resolve ONA issues throughout U S WEST Communications. This team is lead by the Director of ONA Compliance and is comprised of the following resources:

- 4 compliance/issues managers
- 7 product managers/developers
- 1 technical liaison
- 1 administrative support

Current ONA responsibilities for this team include:

- direct ONA compliance throughout the company
- ensure network needs of enhanced service providers are met
- develop new ONA services
- manage a group of existing ONA services
- manage the 120-day new basic service request process
- ensure current CPNI rules are followed
- participate in the Information Industry Liaison Committee (IILC)
- provide guidance in the area of nondiscriminatory provisioning and maintenance
- provide input for annual ONA filings
- coordinate the annual ONA audit
- oversee and develop annual training materials

One key to the success of ONA compliance in U S WEST Communications is the guidance and expertise the ONA Compliance Team provides to a network of more than 40 other compliance managers in the individual business/service units. These compliance managers are the first contact for product managers, product developers, service representatives and are closely linked to what happens on a day-to-day basis. Having compliance managers close to daily activities is designed to eliminate the chance of violations.

The business/service units who have a need to access Customer Proprietary Network Information (CPNI) also have a designated CPNI coordinator. The coordinator is responsible for fielding requests for CPNI and ensuring current CPNI rules are followed (this applies to Commission rules as well as individual state rules, where they exist).

Interconnect Services (formerly the Vendor Services Center) is another organization key to ONA compliance within U S WEST Communications. This group is led by the Director of Interconnect Services and is comprised of 37 employees who provide an interface into U S WEST Communications across our 14 state operating territory. This group serves external enhanced service providers, alternate exchange carriers, CPE vendors and other customers needing services from U S WEST Communications. Among the employees in this organization are dedicated ONA market consultants who provide account management, customized network design, order processing, project management and issue resolution for enhanced service providers. The entire Interconnect Services group is critical to ensuring fair and equitable treatment for all customers.

A special team, called the Enhanced Services/CPE Compliance Advisory Team (ES/CCAT), was formed to review all proposed new enhanced services (and CPE) applications for ONA compliance. The ES/CCAT is chaired by a member of the ONA Compliance Team and consists of subject matter experts in the areas of Network Disclosure, Part 64 Accounting, Nondiscriminatory Provisioning and Maintenance, CPNI, Network Implementation and the ONA Technical Liaison.

Section 3 - Operational Road Map to ONA Compliance



This section describes how U S WEST Communications approaches compliance with the ONA rules and each of the nonstructural safeguards as outlined by the Commission.



Equal Network Interconnection

The ONA Model, as described by the Commission, requires that individual features and functions be made available as separate, tariffed services under the same terms, prices and conditions for all customers. In addition, all basic network services must provide the same quality, functionality and technical standards as those used by a U S WEST Communications enhanced service. U S WEST Communications follows these rules in developing new services.

To ensure U S WEST Communications does not favor itself over an external customer, the U S WEST Communications enhanced service operation is required to purchase the same basic network services at the same tariffed rate and under equal terms and conditions as other customers. Service orders for U S WEST Communications enhanced services are placed through the Interconnect Services group to ensure equal treatment.

Another operational safeguard U S WEST Communications has in place to ensure compliance is the ONA product compliance review. These reviews ensure ONA services are made available as individual network components at specific tariffed rates. The ONA Compliance Team has documented the steps to be followed during an ONA product compliance review by developing process flowcharts and checklists as tools. The review processes are broken into 2 categories: 1) basic services; 2) enhanced services/CPE.

Basic service reviews are conducted for all new services as well as for any changes to existing basic services. Business/service unit compliance managers use the tools provided by the ONA Compliance Team as a guide when conducting these reviews. The steps outlined in the flowchart and checklist ensure all areas needing consideration during a review are covered. Resolution and management of issues, when required, is provided by a member of the ONA Compliance Team.

In addition to basic product reviews, U S WEST Communications has developed a comprehensive set of product guidelines for ONA services which are used by product managers/ developers during the development cycle. These guidelines are designed to ensure all customers have access to the services and capabilities they need at a reasonable price. The list of these product guidelines is provided in Appendix 1.

The second category of product reviews involve proposed new enhanced services. U S WEST Communications carefully reviews all new proposed enhanced services to ensure all aspects of ONA compliance are followed. The ES/CCAT is responsible for conducting these reviews. This team of experts checks carefully to ensure the enhanced service operation uses basic network services that are tariffed and available as ONA services. Any basic service

used by the U S WEST Communications enhanced service must be included in an approved Comparably Efficient Interconnection (CEI) Plan or CEI Plan Amendment. Commission approval must be received prior to use by a U S WEST Communications enhanced service. The team also ensures all basic network services are ordered through the Interconnect Services group for parity treatment of all enhanced service providers, whether internal or external to U S WEST Communications.

The ES/CCAT also reviews market trials of proposed new enhanced services. This review scrutinizes the trial to be sure only tariffed basic network services are being used to trial the enhanced service. U S WEST Communications has developed guidelines for market and technical trials which have been made available as a job aid to compliance managers and product managers/developers. These guidelines are designed to ensure external customers have equal access to basic network services at the same time, at the same price and with the same functionality as those services used by U S WEST Communications.

Another safeguard in place to guarantee enhanced service providers have access to the services and capabilities they need is the 120-day service request process. This process is utilized by U S WEST Communications enhanced service operations as well as external enhanced service providers to ensure discrimination does not take place. All complete service requests are evaluated according to the criteria established by the Commission. These criteria are:

- technical feasibility
- utility to the ESP
- cost feasibility
- sufficient market demand to warrant deployment of the service

U S WEST Communications has had a number of requests for services come through this request process. For example, 61 requests have been handled by this process since 1990. Of those requests, 31 have come from sources external to U S WEST Communications and 30 were requests from U S WEST Communications enhanced service operations. By utilizing the process this way, all customers are assured parity treatment. These requests have resulted in 13 new ONA services being offered to our customers.

As a result of the 120-day process and other customer input, U S WEST Communications continues to develop and deploy new ONA services. A listing of U S WEST Communications ONA services as of December 31, 1994 is included in Appendix 2. For example, U S WEST Communications is the first LEC to tariff a "555 Access Service" which allows customers to utilize a 555 number assignment in conjunction with providing a service to their end user customers.

To further demonstrate external providers have access to the services they need, U S WEST Communications tracks ONA services managed by the ONA Compliance Team. Results show that in 1994, 62% of the revenue generated by this group of services came from external customers. U S WEST Communications believes this shows that new ONA services are being

developed and deployed for both internal and external enhanced service providers.



No Preferential Treatment

U S WEST Communications has developed and implemented internal safeguards to prevent anticompetitive behavior in the form of preferential treatment. Intervals for installation and repair of basic network services are automatically set according to the standards for a particular service. This automatic setting of standard intervals reduces the chance for violations to occur.

Employees who are involved in the provisioning and maintenance of basic network services are trained annually on their responsibility to treat all requests for service equally. Additional safeguards have been put into place so no special consideration can be given to sales employees of U S WEST Communications or other customers.

Interconnect Services provides an important part of the picture in preventing preferential treatment. Orders received and processed by this organization are automatically assigned the standard intervals for provisioning and repair of network services. Because this group also processes service orders for U S WEST Communications enhanced service operations, these employees ensure all customers are treated fairly. Not only does this organization provide a channel into U S WEST Communications, but this group operates in a "safe harbor" environment. This means that enhanced service providers can discuss their particular application in confidence and be assured their proprietary information is not shared with competitors or used by U S WEST Communications in a competitive manner. Interconnect Services processes orders in a fair and equitable manner with all customers receiving the same services, at the same price, with the same intervals for installation and repair.

As an additional safeguard, U S WEST tracks installation and maintenance intervals and files nondiscriminatory provisioning and maintenance reports with the Commission on a quarterly basis.

If a violation should occur, appropriate discipline is administered.



Information Control (CPNI)

U S WEST Communications protects customer requests for confidentiality in the handling of information about their network services. Through the use of password/ID security, mechanized systems, Policies and Procedures and operations plans, a complete set of company-wide standards regarding the safeguards associated with CPNI has been developed and implemented. CPNI is divided into two classifications; customer-specific and aggregated.

U S WEST Communications makes aggregated CPNI available on equal terms and conditions to both internal enhanced service operations as well as external enhanced service providers.

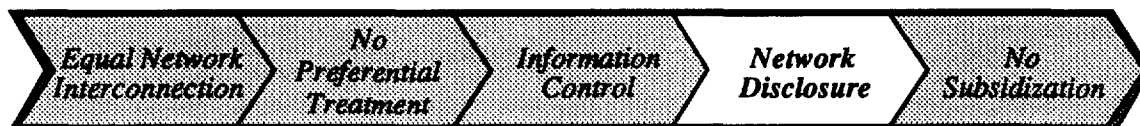
U S WEST Communications has designated CPNI coordinators in the business/service units to handle internal requests for CPNI. In addition, Interconnect Services personnel handle requests from external customers for this information.

Since June of 1992, all customers with 21 or more lines at single or multiple locations are restricted from U S WEST Communications enhanced services personnel unless written permission allowing access is received from the customer (this is in accordance with the Commission's rules). Customers have been notified annually since 1988 of their options regarding restricting access to network information about them.

Among the safeguards used throughout U S WEST Communications are identifiers that describe how the customer has restricted network information about them. Customers may restrict network information in the following ways: 1) restrict their network records from enhanced services personnel; 2) restrict their network records from CPE personnel; 3) restrict their network records from both enhanced service and CPE personnel; and 4) restrict their network records from no one. Customers wishing to change the restrictions on their records must notify U S WEST Communications in writing. Once this written request has been received, authorized personnel enter the change. This, again, assures equitable treatment of all customers in this regard.

To prevent unauthorized access to restricted customer account information in all major databases, U S WEST Communications has committed to password/ID secure CPNI in all major databases utilized routinely by enhanced services marketing personnel. Passwords and IDs are reviewed on a regular basis by supervisory personnel to prevent unauthorized access of restricted account information. If a violation should occur, appropriate disciplinary action is taken according to the disciplinary plan guidelines.

Safeguards are also in place to deny enhanced services marketing personnel from accessing restricted CPNI in unsecured databases and to block call forwarded-to-numbers from these employees. Enhanced services marketing personnel are trained annually on their CPNI responsibilities and there are comprehensive Methods and Procedures outlining how enhanced services employees properly handle these situations. Again, appropriate discipline is administered if violations occur.



Network Disclosure and Industry Communications

U S WEST Communications has instituted a comprehensive process designed to ensure that it does not design new network interfaces or change existing basic network interfaces in such a way as to favor its own Enhanced Service Provider (ESP) and Customer Premises Equipment (CPE) organizations over competitors.

As noted previously, this process depends first upon compliance training. Each management employee and occupational employee involved with the provision of enhanced services, is required to complete training annually and to certify they understand their responsibilities associated with ONA. This includes the requirement that U S WEST Communications provide advance notification of decisions to make network changes that may affect interfaces available to providers of enhanced services and CPE .

U S WEST Communications has built an organization whose function includes the timely notification of network specifications and changes. This organization, the Technical Industry Issues Management Group, is charged with providing notification to the industry of planned changes or additions to the basic network. Within the Technical Industry Issues Management Group, the Network Disclosure Manager is responsible for managing the Disclosure review process.

The Disclosure review process begins with the Network Planner involved in the development of a new product or service. As new products are developed or the network is modified, the Network Planner has the responsibility to provide the Network Disclosure Manager with a detailed description early in the design phase of how the product is expected to function and what the required network configuration is expected to look like. Within the description, the Network Planner specifies the network elements and the basic network interfaces required so that a thorough review can be conducted to determine whether Disclosure is needed.

When the Network Disclosure Manager determines that Disclosure is required, a Network Disclosure announcement is prepared which contains a summary of the interface, the timing and locations for deployment and a reference to the technical document which contains the interface specifications. Once the

company decides to progress with the modification or new product, the Disclosure is issued to industry.

Prior to the Disclosure being issued, the Network Disclosure Manager is responsible for verifying that all technical references identified within the Disclosure are accurate and available to all customers on equal terms. If the technical reference is a U S WEST Communications Technical Publication and that publication is referenced in an interstate access tariff, the release of the Disclosure is delayed 45 days for industry review. Once the review is complete the Disclosure can be issued and the waiting period begins.

If an interface has already been Network Disclosed and additional geographic deployment locations are identified, an update to the original Disclosure is made which contains the Central Offices, CLLI code, and deployment dates. This update is issued to the industry a minimum of 30 days prior to the actual deployment of the new service.

Disclosures are issued to industry directly, through a mailing list, as well as through the Bellcore Digest. U S WEST Communications currently maintains a distribution list for Disclosure of approximately 2000 vendors, manufacturers, Enhanced Service Providers, Interexchange Carriers, and others. U S WEST Communications is constantly contacted by new entities which it then adds to the distribution list.

Additionally, U S WEST Communications maintains an InterCONNECTIONS (ICONN) database which lists central office switch replacements, additions and generic updates. Scheduled changes are reflected in the ICONN a minimum of six months in advance of the activity. Access to this database is available to all.

U S WEST Communications also runs an advertisement in *Communications Week* each month which provides a point of contact for interested parties to obtain information on planned basic network and interface changes.

As of March 1995, there have been more than two hundred *Network Disclosure Announcements* released. U S WEST Communications has made timely disclosure of any changes to our basic network or interfaces that may affect our competitors or their ability to serve their customers. U S WEST Communications has experienced no complaints about its timely disclosure of changes to the network.

In addition to Network Disclosure, U S WEST Communications provides an additional notification to the enhanced service provider industry of new intrastate ONA services or modifications to existing ONA services via the *ONA News*. This is a newsletter published and distributed by the ONA Compliance Team. The need for a newsletter article is determined during the review cycle for new/modified basic services. If a newsletter announcement is required, a member of the ONA Compliance Team works closely with the product manager/developer to make sure pertinent information is included.

The *ONA News* article must be released a minimum of three weeks prior to the filing of any state tariff/price list/catalog sheet. The *ONA News* is published on an as-needed basis to ensure the timeliness of information provided to the industry. Current distribution of the *ONA News* is to 612 vendors,

manufacturers, consultants and other interested parties external to U S WEST Communications. Examples of recent newsletters are included in Appendix 3.



No Cross Subsidization

U S WEST, through its regulated subsidiary, U S WEST Communications (USWC), does not subsidize its enhanced services (or CPE) operations at the expense of regulated ratepayers. U S WEST Communications has in place an extensive process to safeguard against such cross-subsidization in accordance with FCC rules. Compliance with these regulations consists of a comprehensive system of accounting safeguards which is comprised of five principle parts: 1) effective accounting rules and cost allocation methodologies; 2) Commission established rules and standards as specified in the U S WEST Cost Allocation Manual (CAM); 3) annual independent audits of the cost allocation process resulting in a positive opinion that the regulated and nonregulated results of the company are in compliance with its CAM; 4) detailed annual reporting requirements; and 5) on site audits by the FCC staff and state commission staffs.

The accounting rules designated by the FCC in Part 32 and Part 64 insure that U S WEST protects regulated ratepayer interests as they relate to transactions impacting both regulated and nonregulated operations of the company. Specifically, Part 64 requires regulated carriers to employ a fully distributed costing (FDC) methodology when allocating costs to nonregulated services. This means that not only incremental costs but also general overheads are allocated to nonregulated operations which ensures that the ratepayer is not unfairly burdened. U S WEST Communications complies fully with the Part 64 rules and submits, each year, to an audit by an independent accounting firm which attests to this compliance.

In addition, U S WEST has a CAM on file with the Commission and routinely revises it to ensure continual compliance. The CAM details the allocation methodologies used by U S WEST to allocate cost to its nonregulated services in accordance with FCC rules. It also includes detail on the nature and type of U S WEST's nonregulated activities and the accounts impacted by them. U S WEST's CAM has been approved by the Commission and all revisions have been accepted. In addition, the CAM has been accepted by a number of state commissions.

In accordance with FCC rules, U S WEST files a considerable amount of information annually to demonstrate compliance. Specifically, the company submits ARMIS (Automated Reporting Management Information System)

reports which include a report which details regulated and nonregulated results for each account used in the interstate ratemaking process.

As an additional safeguard, experts in Part 64 accounting are part of the enhanced services review process. This provides yet another check and balance early in the compliance picture. These experts work closely with the product manager/developer to resolve any questions or issues on correct accounting procedures.

Section 4 - Other Activities Which Support Compliance

Training, Compliance and Discipline Plan

U S WEST Communications has developed an overall training, compliance and discipline plan to outline the practices and procedures implemented to ensure fair competition and provide all enhanced services providers the same access to basic network services. This plan is composed of five elements: 1) ONA training; 2) employee certification; 3) business/service unit and job-specific training; 4) compliance audit reviews; and 5) discipline plan if ONA violations should occur. This plan was developed to inform employees of their individual responsibilities for ONA compliance.

All managers within U S WEST Communications are required to attend an annual ONA training session. In addition, occupational employees who sell or service enhanced products and CPE, provision network services and/or have access to customer account information containing CPNI are trained annually.

The job-specific training provides more detailed information regarding the ONA rules and generally covers areas such as applying the CPNI rules to daily operations, the role of the Interconnection Service Center and preventing anticompetitive behavior. In 1993, U S WEST Communications developed an interactive training video to take advantage of the latest technology. This package was designed so the employee is asked questions throughout the session to emphasize the material which has been covered. The employee receives immediate feedback based on the answer chosen and receives reinforcement when an incorrect answer is chosen.

When management employees complete ONA training, they are asked to sign an acknowledgment form. By signing this form, employees are certifying they understand the responsibilities of compliance with the ONA (and CPE) rules. These responsibilities are outlined in the 1995 ONA Training Booklet (see Appendix 4). The forms are entered into a centralized data base and tracked so employees who have not received coverage are notified and scheduled for a future training session.

U S WEST Communications has developed an employee discipline plan to address violations, if they should occur. Potential ONA rule violations are generally categorized into three major areas:

- 1) Training failures - management employees failing to complete and certify to ONA training annually; failure of supervisors to train occupational employees involved in planning, sale, marketing, provisioning or maintenance of U S WEST Communications products and services.
- 2) Failure of any employee to comply with the principles of ONA (and CPE) compliance with regard to ONA rules or nonstructural safeguards.
- 3) Attempts by any employee to use restricted customer specific information if that employee is involved in the sale, marketing or planning of enhanced services (or CPE) or failure to safeguard the use or access of restricted customer specific information as defined by the Commission (or state ONA rules). Any attempt to "unhook" a customer results in a disciplinary proceeding.

If an ONA rule violation is identified, an investigation is conducted and discipline is administered as appropriate based on the facts and circumstances. Disciplinary action for any violation may include, but is not limited to, written reprimands, loss of pay, demotion or dismissal.

As a result of this formal discipline plan, employees understand the consequences of noncompliance and the company reinforces the concept of fair play.

Compliance managers in the business/service units write an ONA compliance plan specific to their unit's business operations. A general outline of items to be discussed is available as a tool for the compliance managers to use. Each plan includes specifics on when and how training will be conducted, who will be trained and how discipline will be handled if violations occur. These plans are reviewed by the ONA Compliance Team for consistency and to be sure all areas are adequately covered. In addition, compliance managers outline how they plan to approach compliance in general for their business unit and which tools will be used to accomplish the goal of compliance.

Business/Service Unit Compliance Manager Training

The ONA Compliance Team conducts annual ONA conferences which are designed specifically for compliance managers in the business/service units. Current topics are covered to increase their knowledge of ONA compliance. In addition, a compliance managers "learning series" was conducted during 3rd and 4th quarters of 1994 to provide more detail in selected areas of ONA. Some of the topics covered were: basic and enhanced services and how they are defined by the FCC; what to look for during a basic service review; Part 64 accounting; nondiscriminatory provisioning and maintenance; and network disclosure. These learning sessions will continue in 1995 to ensure business unit compliance managers have the most current information to conduct ONA compliance.

Audits

U S WEST auditors conduct annual audits to measure the effectiveness of annual training and methods and procedures used in conducting day-to-day business. The results of the audit are communicated to senior management

with action plans for corrective measures, if any particular areas of concern are identified. Disciplinary action is taken if appropriate, and may include, but is not limited to letters of reprimand, loss of pay, demotion and dismissal.

U S WEST Communications Participation With the Industry

U S WEST Communications has been an active participant in the Information Industry Liaison Committee (IILC) since its formation in 1987. Current membership of the IILC include representatives of Local Exchange Carriers (LECs), enhanced service providers, carriers, manufacturers and consulting firms. U S WEST Communications has been an active participant on each issue worked by the IILC, including being the LEC co-champion on several issues.

The IILC provides a vehicle for interindustry efforts to discuss and resolve industry-wide concerns about the provision of ONA services. The IILC has addressed technical and uniformity issues, long term unbundling of the network and is currently looking at areas like ISDN and access to AIN. U S WEST Communications views the IILC as an important link to the enhanced services industry to help identify solutions to their needs which are national in scope. This forum provides the opportunity for the exchange of information which would be difficult to achieve for individual enhanced service providers.

An index listing all IILC Issues and their current status as of February 1995 is included in Appendix 5.

U S WEST also maintains direct contact with their enhanced services customers by regularly attending industry conventions and conducting informational seminars. For example, in June 1994, U S WEST was among the participants conducting seminars at the annual Association of Telemessaging Services International (ATSI). The Interconnect Services group conducts customer seminars periodically to update customers on new services and applications, acquaint new customers with the group and discuss any issues or concerns customers have. These opportunities provide U S WEST Communications with additional input directly from customers regarding new capabilities needed to provide service to their end user customers.

Section 5 - Summary/Conclusion

As discussed in this paper, U S WEST Communications has instituted an extensive set of policies, procedures and operating plans to prevent anticompetitive behavior. Compliance has been integrated into daily operations and is a key component of normal management decision-making. Clearly, U S WEST Communications takes ONA compliance very seriously and believes current safeguards provide considerable protection for customers and competitors alike. U S WEST Communications believes that the lack of formal complaints constitutes powerful evidence current ONA safeguards are working and will continue to work in the future.

APPENDIX 1

ONA Product/Service Guidelines

The following guidelines have been established for U S WEST Communications product managers and developers to follow in developing a new ONA service or modifying an existing ONA service. These guidelines serve as additional safeguards to ensure all customers have access to ONA services under equal terms, conditions and price.

Equal Terms and Conditions

- Any ONA service used for a U S WEST Communications enhanced service must be made available to all other enhanced services providers on equal terms and conditions. Equal terms and conditions apply to price, installation and maintenance intervals, availability and functions of the service. Advance notification requirements also apply.
- All ONA services must be available to all enhanced services providers under a tariff, price list or catalog. U S WEST Communications enhanced service operations using ONA services will be charged or imputed the tariffed rate for those services.
- U S WEST Communications may not alter deployment schedules for Basic Service Elements to provide U S WEST with a competitive advantage in deploying a U S WEST Communications enhanced service.
- U S WEST Communications enhanced service operations may use only those ONA services that are available to all other enhanced service providers (i.e., they are listed and meet the criteria for ONA services and are outlined in CEI Plans filed with and approved by the FCC).
- U S WEST must apply price parity to distance-sensitive transmission services used by enhanced service providers. If a U S WEST enhanced service collocates its equipment in the central office, our enhanced service must be charged as if the equipment is located two miles from the central office. This "two Mile Rule" applies only to U S WEST enhanced services collocated in the central office and using distance-sensitive transmission services.
- Basic network features (Basic Service Elements and Complementary Network Services) must be available for resale by enhanced services providers to their customers. However, the ability to resell a Basic Service Element does not guarantee the right to resell the underlying transport service (BSA).